

# Issue Brief #1 For Employers

## Save Your Company Money By Assuring Access to Substance Abuse Treatment

*This brief could save  
your company money  
and takes less than 2  
minutes to read!*

**By investing in substance abuse treatment, employers can reduce their overall costs.** Substance use disorders cost the nation an estimated \$276 billion a year, with much of the cost resulting from lost work productivity and increased healthcare spending.<sup>1</sup> Given that 76 percent of people with drug or alcohol problems are employed,<sup>2</sup> employers have a major stake in ensuring that employees have access to substance abuse treatment.

### DID YOU KNOW?

About 19.2 million U.S. workers (15%) reported using or being impaired by alcohol at work at least once in the past year.<sup>3</sup>

### FAST FACTS

- ◆ Replacing an employee costs from 25 percent to almost 200 percent of annual compensation—not including the loss of institutional knowledge, service continuity, and coworker productivity and morale that can accompany employee turnover.<sup>4</sup>
- ◆ The average cost per visit for outpatient substance abuse treatment (by far the most frequent form of treatment) in 2002 was \$26.72.<sup>5</sup>
- ◆ Savings from investing in substance abuse treatment can exceed costs by a ratio of 12 to 1.<sup>6</sup>

### Reduced productivity

- ◆ Employees who use drugs, consume alcohol at work, or drink heavily away from work are more likely than other employees to exhibit job withdrawal behaviors, such as spending work time on non-work-related activities, taking long lunch breaks, leaving early, or sleeping on the job.<sup>11</sup>
- ◆ Employees who drink heavily off the job are more likely to experience hangovers that cause them to be absent from work; show up late or leave early; feel sick at work; perform poorly; or argue with their coworkers.<sup>12</sup>

### More turnover

- ◆ People with drug or alcohol problems were more likely than others to report having worked for three or more employers in the previous year.<sup>13</sup>

### Investing in Treatment Can Save Employers Money

When workers with substance use disorders get treatment both employers and employees benefit through:

- ◆ Better employee health and lower total healthcare costs over time,
- ◆ Less absenteeism,
- ◆ Improved job performance,
- ◆ Reduced costs associated with short- and long-term disability and workers' compensation, and
- ◆ Fewer accidents and less corporate liability.<sup>14</sup>

### Two types of employer sponsored programs can help employers reduce costs:

- ◆ Comprehensive workplace programs that incorporate wellness and substance abuse education components and
- ◆ Employee assistance programs (EAPs)\* that provide substance abuse screening and treatment referral.<sup>15</sup>

### How Substance Use Disorders Impact Employers

A substance use disorder refers to misuse of, dependence on or addiction to alcohol or other drugs. Alcohol is by far the most widely used drug in the United States: 11% of workers have a problem with alcohol.<sup>7</sup> About 20.4 million people used illegal drugs in 2006 and 7 million used prescription drugs non-medically. Most drug users are employed: of the 17.9 million illicit drug users aged 18 or older in 2006, 13.4 million (74.9%) were employed either full or part time.<sup>8</sup>

Substance abuse imposes a variety of costs on employers:

#### Increased healthcare and insurance costs

- ◆ Healthcare costs for employees with alcohol problems are twice those for other employees.<sup>9</sup>
- ◆ People who abuse drugs or alcohol are three and one-half times more likely to be involved in a workplace accident than other workers.<sup>10</sup>



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Substance Abuse and Mental Health Services Administration  
Center for Substance Abuse Treatment  
[www.samhsa.gov](http://www.samhsa.gov)

**For example:**

- ◆ Xerox workers who participated in a wellness program and limited their alcohol consumption enabled the company to reduce its costs for both healthcare and health insurance over four years, achieving a five to one return on investment.<sup>16</sup>
- ◆ ChevronTexaco found that 75 percent of employees who entered the company EAP with alcohol problems were able to retain their employment, saving the company the cost of recruiting and training new employees.<sup>17</sup>
- ◆ Gillette Company saw a 75 percent drop in inpatient substance abuse treatment costs after implementing an EAP.<sup>18</sup>

**Providing comprehensive health insurance** benefits for substance abuse treatment, including screening, counseling, therapy, and aftercare can also help employers save money.<sup>19</sup>

**\*Employee Assistance Programs (EAPs)** are designed to help identify and resolve productivity problems affecting employees who are impaired by personal concerns. EAPs come in many different forms, from telephone-based services to on-site programs. Face-to-face programs provide more comprehensive services for employees with substance use disorders, including screening, treatment referrals and follow-up care.

**PREVALENCE OF PAST-MONTH SUBSTANCE USE AMONG FULL-TIME WORKERS (AGES 18-64) IN 2002 - 2004, BY INDUSTRY**  
(Rates of Use in %)<sup>20</sup>

Industry	Estimated Population (000s)	Past Month Heavy Alcohol Use	Past Month Illicit Drug Use
Manufacturing	16,946	9.5	6.5
Health and Social Services	13,326	4.3	6.1
Retail	10,831	8.8	9.4
Construction	10,671	15.9	13.7
Professional	7,508	7.1	8.0
Finance and Insurance	5,795	6.9	6.8
Transportation	5,094	8.6	6.2
Wholesale	3,928	11.5	8.5
Information	2,821	10.4	11.3

**For More Information**

- Substance Abuse and Mental Health Services Administration, [www.samhsa.gov](http://www.samhsa.gov)
- Drug-Free Workplace Program [www.workplace.samhsa.gov/](http://www.workplace.samhsa.gov/)
- National Institute on Drug Abuse, [www.nida.nih.gov](http://www.nida.nih.gov)
- National Institute on Alcohol Abuse and Alcoholism, <http://www.niaaa.nih.gov/>

**References**

<sup>1</sup> H. Harwood, D. Fountain, and G. Livermore, "The Economic Costs of Alcohol & Drug Abuse in the U.S. 1992," Rockville, MD: National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism, 1998. <http://www.nida.nih.gov/economiccosts/index.html> . (Accessed 5-9-08).

<sup>2</sup> Substance Abuse and Mental Health Services Administration (SAMHSA), Office of Applied Studies (OAS), *National Survey on Drug Use and Health 2005 and 2006*, Table 5.8A, Rockville, MD: 2007. <http://oas.samhsa.gov/nsduh/2k6nsduh/tabs/Sect5pcTabs1to13.pdf> . (Accessed 5-7-08).

<sup>3</sup> M.R. Frone, "Prevalence and distribution of alcohol use and impairment in the workplace: A U.S. national survey," *J Stud. Alcohol*, 67, 1: 147-156, January 2006.

<sup>4</sup> F. Leigh Branham, "Six Truths about Employee Turnover," NY: American Management Association. <http://www.nichebenefits.com/Library/sixtruths.pdf> (Accessed 5-19-08).

<sup>5</sup> SAMHSA, OAS, *The DASIS Report. Alcohol and Drug Services Study (ADSS) Cost Study*, 2004. <http://oas.samhsa.gov/2k4/costs/costs.htm>. (Accessed 5-23-08).

<sup>6</sup> National Institute on Drug Abuse, *Principles of Drug Addiction Treatment: A Research-Based Guide, FAQ11*, Bethesda, MD: NIDA, 1999. <http://www.nida.nih.gov/podat/PODAT6.html#FAQ11> . (Accessed 5-9-08).

<sup>7</sup> M.R. Frone, 2006. *Op. cit.*

<sup>8</sup> SAMHSA, OAS, *Results from the 2006 National Survey on Drug Use and Health: National Findings*. Rockville, MD: SAMHSA OAS, 2007. <http://www.oas.samhsa.gov/nsduh/2k6nsduh/2k6Results.cfm> . (Accessed 5/8/08)

<sup>9</sup> Schneider Institute for Health Policy, Brandeis University, *Substance Abuse, The Nation's Number One Health Problem*, Princeton, NJ: Robert Wood Johnson Foundation, February 2001: 70.

<sup>10</sup> US DHHS, SAMHSA, 1999 National Household Survey on Drug Abuse, Rockville, MD: US DHHS, 2000.

<sup>11</sup> H. J. Harwood and M.B. Reichman, "The Cost to Employers of Employee Alcohol Abuse: A Review of the Literature in the USA," *Bulletin on Narcotics, Vol. LII*, Nos. 1 & 2, Geneva: United Nations Office on Drugs and Crime, 2000. [http://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin\\_2000-01-01\\_1\\_page005.html](http://www.unodc.org/unodc/en/data-and-analysis/bulletin/bulletin_2000-01-01_1_page005.html) . (Accessed 6-2-2008).

<sup>12</sup> *Ibid.*

<sup>13</sup> S.L. Larson, J. Eyerman, M.S. Foster, and J.C. Gfroerer, "Worker Substance Use and Workplace Policies and Programs," DHHS Pub No. SMA 07-4273, Rockville, MD: SAMHSA, OAS, 2007. <http://www.oas.samhsa.gov/work2k7/work.htm#6.1> . (Accessed 5-16-08).

<sup>14</sup> SAMHSA, CSAT, "Substance Abuse in Brief: Effective Treatment Saves Money," Rockville, MD: SAMHSA CSAT, January 1999.

<sup>15</sup> *Ibid.*

<sup>16</sup> S. Musich, D. Napier and D.W. Edington, "The Association of Health Risks with Worker's Compensation Costs," *Journal of Occupational and Environmental Medicine*. 43, 6: 534-541, June 2001.

<sup>17</sup> C.R. Cummings, Testimony on workplace substance abuse prevention programs before the Subcommittee on National Security, International Affairs and Criminal Justice of the U.S. House of Representatives, 1996.

<sup>18</sup> T.C. Blum and P.M. Roman, "Cost-Effectiveness and Preventive Implications of EAPs," Pub. # RP0907, U.S. DHHS, SAMHSA, 1995).

<sup>19</sup> S. Belenko, N.S. Patapis, M.T. French, *Economic Benefits of Drug Treatment: A Critical Review of the Evidence for Policy Makers*, Washington, D.C.: National Rural Institute on Drug and Alcohol Abuse, 2005.

<sup>20</sup> SAMHSA, OAS, *The NSDUH Report: Worker Substance Use by Industry Category*, Rockville, MD: August 23, 2007. <http://www.oas.samhsa.gov/2k7/industry/worker.htm> (Accessed 5-20-08)

